

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0877-03  
Bill No.: HCS for HB 293  
Subject: Economic Development; Property, Real and Personal.  
Type: Original  
Date: April 11, 2001

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>
General Revenue*	\$0	(\$61,773) to (Unknown)	(\$50,687) to (Unknown)
Contiguous Property Redevelopment*	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> State Funds*</b>	<b>\$0</b>	<b>(\$61,773) to (Unknown)</b>	<b>(\$50,687) to (Unknown)</b>

\* **Subject to Appropriation.**

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>
None			
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>
<b>Local Government*</b>	<b>\$0</b>	<b>Unknown</b>	<b>Unknown</b>

\* **Subject to Appropriation**

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 5 pages.

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## **FISCAL ANALYSIS**

### ASSUMPTION

Officials from the **Department of Economic Development (DED)** states the proposal creates the "Contiguous Property Redevelopment Fund" and allows DED to make grants to St. Louis City, Kansas City, Jackson County, Greene County, and St. Louis County from appropriated funds. The funds are to be used to assist the body both acquiring multiple contiguous properties within such boundary and engaging in the initial redeveloping of such properties for future use as private enterprise.

The DED assumes an unknown amount will be appropriated to the fund. No cost is projected for the funds that would be appropriated to fund the program. DED assumes these funds will be appropriated in the FY 2003 budget. DED assumes the need for one Economic Development Incentive Specialist II (at \$37,488 per year) and associated expense/equipment to administer the grant program.

Officials from the **Office of Secretary of State (SOS)** assume there would be costs due to additional publishing duties related to the Department of Economic Development's authority to promulgate rules, regulations, and forms. SOS estimates the division could require approximately 12 new pages of regulations in the Code of State Regulations at a cost of \$27.00 per page, and 18 new pages in the Missouri Register at a cost of \$23.00 per page. Costs due to this proposal would be \$738, however, the actual fiscal impact would be dependent upon the actual rule-making authority and may be more or less. Financial impact in subsequent fiscal years would depend entirely on the number, length, and frequency of the rules filed, amended, rescinded, or withdrawn. SOS does not anticipate the need for additional staff as a result of this proposal; however, the enactment of more than one similar proposal may, in the aggregate, necessitate additional staff.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

In response to similar legislation from last year, officials from the **St. Louis Development Corporation** stated this proposal would allow them to fund the creation of major development-ready sites for development. They stated this legislation would assist them in the process of acquiring, effecting locations, demolishing existing improvements, and providing new infrastructure. They recommended a multi-year commitment of at least \$3 million dollars per year for this purpose for the City of St. Louis..

ASSUMPTION (continued)

Officials from the **Office of the State Treasurer** assume this proposal would not fiscally impact their agency.

**Oversight** assumes the annual amount appropriated from the General Revenue Fund to the Contiguous Property Redevelopment Fund, starting in FY 2003 would be an unknown amount. In a fiscal note for a previous version of the proposal, Oversight had estimated an appropriation of \$3 million, however, that proposal only included St. Louis City as the eligible recipient of the grants. This version expands the list of eligible recipients to also include Kansas City, Greene County, Jackson County and St. Louis County, therefore, Oversight assumes the appropriation may differ substantially from our original estimate.

Oversight also assumes the DED would grant/spend all monies appropriated to the new fund. In the fiscal note for the previous version of this proposal, Oversight assumed the DED would not require an additional FTE to administer this program, however, with the expanded possible recipients, Oversight assumes the DED would need an additional FTE if the amounts appropriated for this program were substantial enough to warrant. Oversight assumes DED would not need to pay for additional floor space for this additional FTE, and has also adjusted DED's estimate to reflect a starting salary for an Economic Development Incentive Specialist II.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
<b>GENERAL REVENUE FUND</b>			
<u>Costs - DED</u>			
Personal Service (1 FTE)	\$0	(\$31,267)	(\$32,048)
Fringe Benefits	\$0	(\$10,421)	(\$10,682)
Expense and Equipment	<u>\$0</u>	<u>(\$20,085)</u>	<u>(\$7,957)</u>
<u>Total Costs - DED</u>	\$0	(\$61,773)	(\$50,687)
<u>Costs - Appropriation to the contiguous property redevelopment fund</u>	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b>\$0</b>	<b>(\$61,773) to (Unknown)</b>	<b>(\$50,687) to (Unknown)</b>

**--SUBJECT TO APPROPRIATION--**

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
<b>CONTIGUOUS PROPERTY REDEVELOPMENT FUND</b>			
<u>Revenue</u> - Appropriation from the general revenue fund	\$0	Unknown	Unknown
<u>Costs</u> - Grants to the City of St. Louis, City of Kansas City, Jackson County, Greene County and St. Louis County	\$0	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON THE CONTIGUOUS PROPERTY REDEVELOPMENT FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

**--SUBJECT TO APPROPRIATION--**

<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
<u>Revenue</u> - Grants from state contiguous property redevelopment fund	<u>\$0</u>	<u>Unknown</u>	<u>Unknown</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal creates the Contiguous Property Redevelopment Fund within the Department of Economic Development. The fund will be used for grants to the City of St. Louis, St. Louis County, Greene County, Kansas City, and Jackson County for acquiring and redeveloping contiguous properties within the areas. The department may promulgate rules for the administration of the program, including the form used to apply for the grants. The department

DESCRIPTION (continued)

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is to give preference to those projects proposing the assembly of a greater number of acres than other projects and those projects for which a private interest in the usage of the property exists, once redevelopment of the property is completed.

The provisions of the substitute expire on August 28, 2006.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

#### SOURCES OF INFORMATION

Department of Economic Development  
Office of the Secretary of State  
Office of the State Treasurer

#### **NOT RESPONDING:**

**City of St. Louis, City of Kansas City, Jackson County  
St. Louis County, Greene County**



Jeanne Jarrett, CPA  
Director  
April 11, 2001